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Mr. Paul A. Marshall
Department of Water Resources
South Delta Branch, Draft EIS/EIR Comments
1416 9th Street, 2nd Floor
Sacramento, CA 95814
Fax: (916) 653-6077

RE: Comments on the South Delta Improvements Program, Draft Environmental Impact Statement/Environmental Impact Report

Dear Mr. Marshall:

I have reviewed the Draft Environmental Impact Statement/Environmental Impact Report (DEIS/R) of November 2005, by the California Department of Water Resources (DWR) and the US Bureau of Reclamation (BOR) concerning the South Delta Improvements Program (SDIP). This letter expresses some of my concerns, comments, and questions about the proposed program and its supporting documents, focusing primarily on the financial and socio-economic sections of the DEIS/R.

**Beneficiaries Pay**

During the planning phase of CALFED, a great deal of time and resources went into financial planning for the implementation stage of the program. This included the principle of "Beneficiaries Pay". It is essential to any socio-economic evaluation of SDIP that the beneficiaries be identified and their willingness or ability to pay for the project be determined. If state bond funds and federal authorizations are to be used to finance SDIP, the plan for repayment of these public funds must be considered in the economic analysis.

**Value and Cost of Increased Water Exports**

Appendix O contains projections of regional economic benefits due to water supply changes made possible by SDIP. Net marginal values used to determine the benefits of increased water supplies were determined by subtracting delivery costs of $8 to $36/acre foot from the production value of the water. The true cost of the water, however, should include repayment of the capital costs of the project, payments to the Environmental Water Account, cost of maintaining south Delta water quality, value of fish and wildlife impacted, levee strengthening, costs associated with potential demand hardening, economic hardship to areas of origin

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such as Trinity County and Indian tribes, impacts to source communities affected by water transfers, and other redirected impacts.

**Water Supply Reliability**

A stated goal of SDIP is to provide improved water supply reliability. The concept of water supply reliability, however, is never clearly defined. If water supply reliability means that supply equals demand, both sides of the equation have to be looked at. In a market based water distribution system, supply equals demand at a particular price. By definition, there will never be enough water if it is priced below market value. The documents do not contain any analysis of market pricing effects on water distribution and usage.

In our politically allocated water distribution system, which subsidizes the price of water exported through the Delta, it is necessary to put reasonable limits on water deliveries to minimize redirected impacts on taxpayers, natural resources, and communities of origin. Even with limits, however, it is inconceivable that such a system would optimize the economic efficiency of allocated water.

With such inefficiencies in mind, the DEIS/R should analyze an alternative that reduces demand rather than assume that additional supply is needed to achieve water supply reliability. Agricultural land retirement, water conservation, and intrabasin water marketing are tools that can improve water supply reliability without increased exports from and through the Delta. The additional benefit would be better economic efficiency of water use.

**"Best Available Science" Includes Economics**

The essential economic analyses needed by decision makers to evaluate issues of water supply reliability are not contained in the document. What economic choices would water users make if they had the freedom and responsibility to choose alternatives to buying newly available water supplies at true marginal cost? These choices might include buying the water at true cost, declining new water, buying water from a willing seller, water conservation, crop changes, avoidance of demand hardening, selling water privileges, and land retirement or fallowing. Trade-off analysis is a tool that can change the way California looks at water supply, water demand, and water allocation.

Please withdraw the DEIS/R. Any new submission must include project alternatives that do not include increases in Delta water exports. A robust and meaningful economic analysis will help clarify the project need, as well as potential costs, benefits, and feasibility of each alternative.

Sincerely,

Richard Izmirian